

SHELL OIL COMPANY

SFUND RECORDS CTR

2053591

DATE JULY 5, 1956

TO AREA LAND (3)

FROM AREA LEGAL

SUBJECT SHELL CHEMICAL - FREEWAY

Reference is made to your memorandum of June 13, 1956 submitting for our approval forms of Grant Deed and Right of Way Contract - State Highway, pursuant to which Shell Chemical is to convey to the State of California portions of Lots 82 and 115 of its Torrance Plant property.

Your Mr. Albright has orally advised that, aside from the chemical treatment plant at Knox and Moneta Streets, there are no facilities located upon the parcels involved other than drainage lines and pipes, in which event assuming Shell Chemical plans to relocate the chemical treatment plant, the reservation of the right to use the present drainage canal for discharge of effluent liquids should be sufficient.

Under the provisions of Subsection (d) of the National Security Clause contained in the Deed of April 19, 1955 from the Rubber Producing Facilities Disposal Commission, the Grantee (Shell Chemical), agrees that it will not convey the facilities without making such conveyance subject to the provisions of the National Security Clause. Therefore, we suggest that you insert after the descriptions in each of the Grant Deeds the following language:

"Subject to the National Security Clause and all other terms, provisions, conditions, reservations and exceptions contained in that certain Deed from the Rubber Producing Facilities Disposal Commission to Grantor dated April 19, 1955 and recorded in Book 47572, Pages 139-152, of the Official Records of Los Angeles County, California."

With regard to the Right of Way Contract, you will note that the State's obligation to pay the specified consideration of \$130,000.00 is conditioned upon Shell Chemical's conveyance of the parcels involved "free and clear of all liens, encumbrances, assessments, easements and leases (recorded and/or unrecorded)" other than those specified. In view of the fact that Shell Chemical acquired the property by virtue of a quitclaim deed from the Rubber Producing Facilities Disposal Commission and our title policy does not, of course, cover unrecorded matters, we doubt that you would wish to agree to undertake to convey the property free of unrecorded interests. Therefore, it would seem advisable to delete the words "(recorded and/or unrecorded)" under Section 2(A) of the Right of Way Contract and

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substitute in lieu thereof the words "of record".

Inasmuch as the title insurance policy covering the rubber plant properties lists all outstanding interests affecting all plant properties, we are unable to determine whether or not the parcels in question are subject only to the items enumerated in the Right of Way Contract. Accordingly, if you have not already done so, we assume you will wish to satisfy yourselves that Shell Chemical's title to these parcels is subject only to the matters listed in the contract. In this connection, since title to the lots will be acquired by the State subject to the reservations in the grant deeds from Shell Chemical, we suggest you include the following as Item 12 in the list of encumbrances: "Exceptions and reservations contained in Grant Deeds Nos. 7370, LA-158-C and 6508, LA-165-A." Inasmuch as Shell Chemical appears to own the minerals in Lot 82, as well as Lot 115, we assume you will wish to include in the Grant Deed covering Lot 82 the same mineral reservations contained in the Grant Deed covering Lot 115.

Due to the difficulty of determining what encumbrances may affect the property being conveyed and the risk that the purchase price might be reduced if any encumbrances are disclosed that are not listed, we would recommend that Shell Chemical quitclaim its interest in the property (subject to the indicated reservations) for the specified price.

We note that under Section 2(D) of the contract Shell Chemical is required to cease occupancy and use of its chemical treatment plant at Moneta and Knox Streets within eighteen months after the date of the delivery of an executed copy of the contract so that the State may demolish these improvements by that time. Accordingly, we assume that you have reviewed the Grant Deeds and the contract with representatives of Shell Chemical and that these instruments are acceptable to them.

Subject to the foregoing comments and suggested revisions we have approved the instruments as to form and return the same to you herewith.

Original Signed by
LESLIE E. KELL

LEK:fc

Attachments

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